

[H.A.S.C. No. 111-152]

**INDEPENDENT PANEL'S ASSESSMENT OF
THE QUADRENNIAL DEFENSE REVIEW**

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES
ONE HUNDRED ELEVENTH CONGRESS
SECOND SESSION

HEARING HELD
APRIL 15, 2010



U.S. GOVERNMENT PRINTING OFFICE

58-334

WASHINGTON : 2010

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INDEPENDENT PANEL'S ASSESSMENT OF THE QUADRENNIAL DEFENSE REVIEW

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
Washington, DC, Thursday, April 15, 2010.

The committee met, pursuant to call, at 10:05 a.m., in room 2118, Rayburn House Office Building, Hon. Ike Skelton (chairman of the committee) presiding.

OPENING STATEMENT OF HON. IKE SKELTON, A REPRESENTATIVE FROM MISSOURI, CHAIRMAN, COMMITTEE ON ARMED SERVICES

The CHAIRMAN. Ladies and gentlemen, welcome to the House Armed Services Committee. We today receive testimony from co-chairmen of the Independent Panel reviewing the 2010 Quadrennial Defense Review [QDR].

Joining us today as witnesses are the Honorable William J. Perry, Honorable Stephen J. Hadley. And, gentlemen, we welcome you.

And I see other members of the panel seated behind you, and thank you all for your efforts. And we welcome you.

This is the third QDR oversight-related event our committee has held. The first event was a full committee hearing on the QDR on February the 4th. A second was a classified briefing held on March 24th.

When Congress created the independent panel in the Fiscal Year 2007 National Defense Authorization Act, it was charged with conducting an assessment of the QDR, presenting its findings to Congress.

Last year, we expanded the panel by adding eight additional members appointed by the chairman and ranking members of the House and Senate Armed Services Committee. We also expanded the report requirement to our—to the panel.

I see the members appointed by the House are in the audience today. Let me take a moment to recognize them, if I may. Retired Army General Major General Bob Scales, Dr. Richard Kohn, Senator James Talent, and Ambassador Eric Edelman, thank you, gentlemen, for your service.

Reporting the QDR is important. We use it to help us understand how the Department [of Defense] sees future security challenges. We use it to understand how the Department thinks it will meet those challenges. Then we consider whether we agree or disagree.

When we disagree and decide to exercise our constitutional prerogative in the authorization process, we want to be sure that we understand the impact of our decision.

The QDR is a monumental task, and Secretary Gates did a good job in leading it. As I have said before, and I will say it again, that the report is a solid product and superior to the last several iterations, but I have also voiced some concern about it. An independent bipartisan review is an important process of this assessment. It builds confidence in the objectivity and comprehensiveness of the Department's proceedings and findings for our recommendations. It helps illustrate the potential flaws. For example, it is not clear to me that this report, like the ones before it, fully answers questions that Congress has asked. I am not sure if some of the answers are complete. That is where your panel comes in.

We need another set of experts to take a look at it, offer us their best judgment. That is why we were so specific about what input we need from you.

I understand the Department has experienced considerable delay in getting your panel put together. Not your fault, but unfortunately, you are not going as far along in the process as we would like you to be. Nevertheless, we hope that you are ready to give us some of your initial thoughts. I am particularly interested in your assessment of the basis upon which the Secretary of Defense built the effort. Were the assumptions reasonable? Did the guidance in terms of reference form? But most important, we need your assessment of the QDR's force sizing construct and the force structure. We need alternates, as well. And an important part of our role is understanding the difference in risk and cost present in each option.

I was a bit surprised to see the QDR's force structure recommendation remain largely unchanged from its present form, so I am particularly interested in hearing your thoughts. We welcome you. We appreciate you being with us. Now I turn to the ranking member, my friend, the gentleman from California, Mr. McKeon.

STATEMENT OF HON. HOWARD P. "BUCK" MCKEON, A REPRESENTATIVE FROM CALIFORNIA, RANKING MEMBER, COMMITTEE ON ARMED SERVICES

Mr. MCKEON. Thank you, Mr. Chairman.

Welcome to our witnesses, co-chairs Perry and Hadley. And thank you for being here this morning.

While I know that the independent panel has only recently begun its work in earnest, I understand that the panel is familiar enough with the document and underlying analysis to make initial findings. We look forward to your testimony today, and thank you for agreeing to serve as panel co-chairs. You have given a lot to your country, and we appreciate that and appreciate your willingness to serve in this position.

Let me also take a moment to thank the other panel members in attendance. In particular, I would like to thank my appointees to the panel, Ambassador Edelman and Senator Talent, for agreeing to sit on the panel and for being here today.

This committee understands the strategic significance of the Quadrennial Defense Review, or QDR. After all, this is the third committee event addressing the 2010 QDR in 3 months. Yet it seems to me this QDR failed to deliver on arguably the three most important functions of a QDR.

First, this QDR appears to be a budget-constrained, rather than a budget-neutral analysis into the capabilities the Department needs for the future. Second, this QDR failed to outline a defense program that looks out 20 years as required by the statute. Third, the QDR report recommends that the United States essentially maintain our present force structure for the Future Years Defense Plan [FYDP] and does not recommend a force structure beyond the FYDP.

In our March 29th letter to today's witnesses, Chairman Skelton and I asked the panel co-chairs to address these three concerns in today's hearing. Your prepared statement addressed these issues in part, and I hope that we can discuss your perspective in detail over the course of the hearing.

This QDR did not emerge out of a vacuum. For some time now, Secretary Gates has been pushing for balance in the Defense Department in an effort to focus the Pentagon on prevailing in the conflicts of today.

In the Secretary's introduction to the QDR—the 2010 QDR—he writes that his efforts to rebalance the Department in 2010 continued in the fiscal year 2011 budget and were institutionalized in this QDR and our out-year budget plan.

While the balance initiative may have been appropriate for the 2010 or 2011 defense budget, efforts to make balance a fixture in the QDR is short-sighted and puts the Department on the wrong path for the next 20 years.

Choosing to win in Iraq and Afghanistan should not mean our country must also choose to assume additional risk in the national defense challenges of today and tomorrow. In my view, the QDR understates the requirements to deter and defeat challenges from state actors, and it overestimates the capabilities of the force the Department would build.

This QDR does an excellent job of delineating the threat posed by those anti-access capabilities, notably China, but does little to address the risk resulting from the gaps in funding, capability, and force structure. As a result, we find a QDR that basically reinforced the status quo, despite serious threats to our current capability.

Thus, this QDR provides a force structure that is built for the wars we are in today when the purpose of the review is exactly the opposite, to prepare for the likely conflicts of tomorrow. I encourage the panel to ask, what is new here?

If this is really a vision for the defense program for the next 20 years, as the statute requires, then why does the QDR lay out a force structure for the next 5 years, not to mention that looks a lot like today's force? The QDR is supposed to shape the Department for 2029, not describe the Pentagon in 2009.

I suspect part of the problem is that the 2010 QDR lacks strategic guidance. This report was delivered before the administration issued its national security strategy and had to rely on a 2-year-old national defense strategy from the previous administration.

The QDR raises many more questions raising—ranging from strengthening the industrial base to how we balance risk. I hope we can cover these issues in this hearing and future sessions. I look forward to the QDR's independent panel reviewing the assumptions underlying the QDR's decisions and providing the Con-

gress with an alternative view on how the Department should posture itself for the next 20 years.

Once again, I thank you all for being here today, and I look forward to your testimony. I yield back, Mr. Chairman.

[The prepared statement of Mr. McKeon can be found in the Appendix on page 35.]

The CHAIRMAN. I thank the gentleman very much.

To our witnesses, I understand that you are presenting one joint witness statement for the record, but each of you will have some remarks to make. Am I correct?

Dr. PERRY. Correct.

The CHAIRMAN. Dr. Perry, you are recognized.

**STATEMENT OF HON. WILLIAM J. PERRY, CO-CHAIRMAN,
QUADRENNIAL DEFENSE REVIEW INDEPENDENT PANEL,
UNITED STATES INSTITUTE FOR PEACE**

Dr. PERRY. Thank you, Mr. Chairman.

So we are submitting this written statement for the record. I do not plan to read the statement to you.

The CHAIRMAN. Well, without objection, it will be spread upon the record.

Dr. PERRY. I would like to call your attention to how we, in fact, organized the panel, as presented to you in that statement. We created five subpanels, which reflect our view of the five important issues. The first one was the nature of 21st century conflict. The second was whole-of-government capabilities. Third one has to do with force structure and personnel, the fourth with acquisition and contracting. And the last one looks at the QDR as a process.

I want to start my comments with a caveat, namely that the commission has only been in operation for 2 months. In fact, many of our members were sworn in only a month ago, and two members will be sworn in only tomorrow.

So our written testimony is quite incomplete. It should be thought of as a status report and no more.

I would like to add, however, to the written statement by sharing with you some of my personal observations. This goes farther than the commission is prepared to go at this time, so I am speaking only for myself.

And I am drawing on my experience as a Secretary of Defense. And I must say, that experience did not include preparing a QDR. We had something which we called a bottom-up review, which we prepared in 1993. And I had extensive experience in preparing that bottom-up review. It was prepared in the first 6 months in the Clinton administration.

It took the existing defense strategy, which was the Defense Department should be able to simultaneously conduct two major regional contingencies. It took the budget guidance from the President and then examined whether that strategy could be met with the existing force structure and the existing budget guidance.

Our answer, by the way, was, no, it could not be met by that. We concluded what could be done was what we called one-and-a-half major regional conflicts. That is, we could win the first one, hold on the second one, and then go back finally and win on the second one.

That study was very useful, because it gave us a dose of reality, and it also provided a very important basis for planning improvements in the force structure. In particular, it led immediately to a set of programs to increase our capability in both airlift and sealift.

Now, fast-forward to 2009. Congress is now calling for a much more ambitious study than we did in the bottom-up review. You want a full-blown strategy looking ahead 20 years informed by, but not constrained by, budget planning. And then you ask whether the force structure needs changed to comply with that strategy.

So a reasonable question to ask is, does the QDR do that? In my judgment, the QDR is a very useful document, but it does not do that. In fact, it is probably not possible—or not possible for the—for the administration to do that under the real constraints under which they were operating.

And what are some of those constraints and how do they affect what you would like to have out of a QDR? First of all, as already has been pointed out, and as you all are very much aware, we are fighting two wars now, and the Secretary of Defense, in my judgment rightly, has put the top priority on determining what adjustments are needed to ensure success in those two wars.

Steve Hadley will say more about that in his testimony, why that is a necessary thing to do.

And, secondly, the Office of the Secretary of Defense was not fully staffed during the course of the QDR. Many important senior positions were not filled, in fact, until 6 to 9 months after the beginning of the administration.

One important input to the QDR—namely the Nuclear Posture Review—was only completed last week, so obviously was not a useful input to the QDR.

Another important input, which is the work underway to reduce—for reducing costs and schedule acquisition contracting—is still a work in process. And in the QDR, there was no significant consideration of how to control health care costs. And as you are well aware, health care is a very important part of the budget, and it is a component of the budget which is growing inexorably, it seems, 6 percent a year.

Considering these facts of life limitations, I think I believe that the QDR was very well executed and will be very useful, but it does not answer the question which we just—which I just described to you. It does provide a reality force check on the force structure for doing two ongoing wars and it provides important insights and budget adjustments as to what an additional force structure might be needed for other contingencies. In fact, it conducted a very extensive set of scenario planning to look at excursions beyond the wars we are now fighting.

It should not, in my judgment, be regarded as the final word. I think you should look at it as a living document and as part of an ongoing—part of ongoing studies. The important ongoing studies, some of which are ongoing now and some of which should be underway, is, first of all, determining the imputed cost of the equipment wear and tear of the wars now going on—two wars now going on in Iraq and Afghanistan.

We are wearing out and, in some cases, destroying our equipment at a very fast rate, and that is building up a due bill, which

is going to affect future budgets in a very important way. We need to have a good assessment of how that is going to be—how that is going to affect future planning and future budgets.

Secondly, we do really need options for how to control the spiraling health care costs, as they are assuming a greater and greater portion of the budget. We need options for how to decrease the cost and the time involved in acquisition programs. We need adjustments in the budget process from moving to this all-government approach to dealing with contingencies like Afghanistan and Iraq. The QDR clearly spells out the need for doing that, but it does not spell out the details of what that actually involves.

And, finally, I believe we need a long-term 20-year study directed to the kind of issues which the Congress asked for in the QDR. I see this as a separate study or a follow-on study to the QDR, which would be taken on in the year after the QDR is submitted.

Mr. Chairman, those are my personal comments on my reflections on reading the QDR. And I offer them to you for whatever they may be worth. Thank you.

[The joint prepared statement of Dr. Perry and Mr. Hadley can be found in the Appendix on page 42.]

The CHAIRMAN. Thank you so much, Dr. Perry. Good to see you, sir.

Mr. Hadley, welcome.

**STATEMENT OF HON. STEPHEN J. HADLEY, CO-CHAIRMAN,
QUADRENNIAL DEFENSE REVIEW INDEPENDENT PANEL,
UNITED STATES INSTITUTE FOR PEACE**

Mr. HADLEY. Thank you, Mr. Chairman. I endorse very much what Secretary Perry has said. I will add a few comments of my own to address—include addressing some of the preliminary concerns we have heard come from this committee. These views are my own, but I do believe that they are shared by many members of the QDR independent panel.

Let me say that we are very much in the preliminary stages of our work. I think if you look at our submitted joint statement pages 3 and 4, as we outlined the scope of the five subpanels, hopefully you will find in that outline the questions that need to be addressed and that are specified in statute and that we have heard from this committee.

And to the extent there are things that are missing, we will want to add those so that the subpanel work is going to address what you believe needs to be addressed.

Let me say, secondly, that we have had excellent cooperation from the Department of Defense [DOD] in our initial efforts to understand the QDR process and what the review produced. Secretary Gates has personally been very supportive of our effort. And a lot of effort went in to the QDR review, and it produced some very good work and some very sound recommendations. And those involved should feel good about what they have produced.

In particular, the QDR makes taking care of our men and women in uniform and their families a top priority. This is very welcome to the panel, and I am sure will be very appreciated by everyone in uniform.

As Secretary Perry noted, the QDR makes prevailing in today's wars the first of its four priority objectives. I believe that is the right thing to do. Prevailing in today's wars will also contribute to two of the other priority objectives of the QDR. It will help to prevent and deter conflict, just as surely as losing those wars is likely to invite conflict.

And prevailing in today's wars will also help our military prepare to defeat adversaries and succeed in a wide range of contingencies, the third of the priority objectives, since many of those contingencies will require the very skills that our military is learning in these current conflicts.

Indeed, one area of focus of our panel's work will be whether the Department and our military are doing enough to institutionalize in our conventional forces the lessons we have learned from those wars. Prevailing in today's wars must not be at the expense of a military that is prepared for the full spectrum of potential military operations.

But our Nation cannot afford to have to relearn again at some future time the skills that our military has and will acquire in prevailing in our current conflicts.

Secretary Perry noted in his comments, it is clear from our work so far that the DOD acquisition and contracting systems are not geared adequately to ensuring that our Nation's military forces both prevail in today's wars and succeed in the range of contingencies that they are facing or could face. And that is one of the reasons why it will be an area of focus for our work.

We had some witnesses who said the acquisition system does not work for those folks involved in counterinsurgency operations. We had some other people say the acquisition system doesn't work for those people worried about high-end activities, anti-access and the like, and we came away wondering, for who does the acquisition process actually work? And that is something we have to get to the bottom of.

Secretary Perry mentioned about the need to preserve and strengthen the all-volunteer force. It is a—it is a wonderful national asset. But we have got to control costs if we will be able to both preserve and strengthen that force and still have the money we need for procurement and operational spending. Again, this will be another focus for our work.

We will also assess efforts to create an effective civilian expeditionary capability that can serve as a partner of our military in meeting the stabilization and institution-building challenges of post-conflict states, countries like Iraq and Afghanistan and also failed and failing states.

Over the last 40 years, our Nation has invested enormous effort and trillions of dollars in recruiting, training, exercise, deploying, fighting, and improving our Nation's military. It is simply the finest in the world.

But we have made nothing like that effort to recruit, train, exercise, deploy, and improve a civilian capability to partner with our military in meeting the challenges our Nation faces overseas. This has got to change. We will also be addressing that issue.

Finally, let me—to respond in a preliminary way to two concerns that we have heard from this committee. First, was the QDR a

budget-constrained exercise? My tentative assessment is yes, in the sense that the QDR was developed in parallel with the fiscal year 2011 defense budget, so that the QDR would not be a pipe dream unsupported by real financial resources.

While fiscally responsible, this approach may have limited more ambitious questioning of assumptions and out-of-the-box thinking because basic budget and end-strength assumptions were not challenged.

Second, does this mean that the QDR is too constrained by current budget realities, existing force structure, and near-term thinking? I think there is a risk here, and the panel will be intent on pursuing this question.

I want to note on the positive side, however, that the Defense Department does seem, as Secretary Perry suggested, to view the QDR as only a step in a broader process of adapting to the challenges of the next 20 years. Secretary Gates is reported to have given directional guidance to the Department out past the future year defense plan and to have tasked follow-on work to address longer-term issues identified in the QDR process, including application of the force sizing construct to the 2028 timeframe.

These are important things, if true, and the QDR panel plans to assess the QDR in this broader context and also to consider recommendations on how to enhance the process, as Secretary Perry suggested.

Finally, Mr. Chairman, if I may, I would like to ask that the statement offered by former Senator Talent and former Under Secretary of Defense Edelman be included in the record of this hearing. And I have a copy of it here.

The CHAIRMAN. Without objection, thank you.

[The information referred to can be found in the Appendix on page 51.]

Mr. HADLEY. Thank you, Mr. Chairman.

[The joint prepared statement of Mr. Hadley and Dr. Perry can be found in the Appendix on page 42.]

The CHAIRMAN. Thank you.

Dr. PERRY. Mr. Chairman, could I add one more comment?

The CHAIRMAN. You bet, Doctor.

Dr. PERRY. I just wanted to say that I am fully supportive of all of the points Mr. Hadley just made. And then more generally, Mr. Hadley and I are intended to co-chair this committee not just as a bipartisan committee, which you established it as, but as a non-partisan committee, which I think is appropriate for the gravity of the issues we are now looking at. Thank you.

The CHAIRMAN. Thank you. As has been noted by other members of this committee, we feel we are extremely bipartisan and often nonpartisan in the efforts that we do. And a great deal of credit goes to my ranking member, as well as all people on all sides of the aisle in this committee.

Let me start with one question, if I may. And thank you both, and appreciate the members behind you, who are members of the panel.

I had an interesting conversation with the Army chief of staff a good number of months ago about the preparation and training of our soldiers. And he used the phrase a "full spectrum of oper-

ations.” And my immediate remark was, “General, you have two problems. Number one is time, and the other is money.”

Is this attempt to have soldiers trained for a full spectrum—in other words, being successful in defending the Fulda Gap with tanks and all of the heavy fighting that could go on there, and on the other hand, the very individual-oriented anti-insurgency type of warfare?

What do you make of this? I have trouble getting my arms around it, because the types of conflict that I just described are so varied that I wonder if this is truly a reality.

Doctor.

Dr. PERRY. My own view on that, Mr. Chairman, is that soldiers, sailors, and Marines ought to be generally trained for full-spectrum combat, but on any particular combat they are assigned to, they need specialized training for that purpose.

When we sent the 1st Armored Division into Bosnia, for example, in 1996, this is a—as the name implies, it was prepared for a full-scale war in Germany, which is where they were based. That was the—that was their fundamental training.

Therefore, we had to take 2 or 3 weeks of specialized training to prepare them for the particular kind of combat they would face in Bosnia, which was very different from that.

When they finished that exercise and returned to Germany, I asked General Nash, who was the commander, how long will it take before we can get your division back to performing its mission in Germany? And its answer was “3 or 4 weeks of specialized training.”

So what I would suggest is that our troops are broadly trained, very capable troops, but they need specific training for the specific missions they are going—they are going to face. And some—and at least the experience we have had in the past is that specific training can be made in a matter of weeks, not in the matter of months.

The CHAIRMAN. It seems to me, though, there would be some emergencies where you wouldn't have but maybe a day or two. Mr. Hadley, what are your thoughts, full-spectrum training?

Mr. HADLEY. I think one of the things we have to ask full-spectrum training, in light of the challenges that they are likely to face over the next 20 years, which I do think is why it is important to make sure that we have that assessment of what the world looks like 20 years out and what we are likely to use our military for.

And that ought to, in some sense, define the definition of full-spectrum. But I think Secretary Perry has it right, and I think there is also an acquisition piece of this, which is, we have got to have hardware. The days of single-purpose hardware ought to be very limited, and we need hardware and capabilities that are flexible and can help our troops respond to a variety of challenges.

The CHAIRMAN. Now, the purpose of the QDR is to determine and express the defense strategy in our country and establishing the defense program for the next 20 years. What are your initial reactions as to how well the QDR has met that task, Dr. Perry?

Dr. PERRY. I think they have done an excellent job in preparing it for the near term, in particular preparing it for the two wars we are now fighting. As I indicated in my earlier testimony, I do not believe that they have taken full consideration of the strategies and

the threats they might face over a 20-year time period. And I think that should be a basis of a future study sometime done perhaps during the next year.

The CHAIRMAN. Mr. Hadley.

Mr. HADLEY. I agree with that. I do think it is very distressing to look—with any confidence—we are going to be building hardware that is going to be out there 30 and 40 years. I think it is an exercise we have to do, but I think it is an exercise we have to undertake with a lot of humility, because 20 years is a long time to look out with any certainty in a very uncertain and changing and volatile world.

The CHAIRMAN. The committee has heard me mention on several occasions that, since 1977, we have had—we have been involved with 12 conflicts involving our military. Some were of major approach, and others not so. But I suppose when you are being shot at, it is a big war, regardless of whether you are being shot at by one person or a whole battalion.

The question I put to you about being able to do the full-spectrum really bothers me, and I know you think that a soldier can be trained to do something other than his main occupation in the military in 3 weeks or so. We should explore that a little bit more in your final determination. It really does worry me that we have found ourselves in the horns of a dilemma with fantastically trained troops to do one thing, and they be thrown into another situation where they would be very, very unfamiliar.

Mr. McKeon.

Mr. MCKEON. Thank you, Mr. Chairman. And thank you for your comments about our bipartisanship and our nonpartisanship. And that is, again, I think, because of the tone that you set with the committee.

And I appreciate your remarks, Secretary Perry, about your efforts being nonpartisan. I think this is way too important to get caught up in partisanship, and I really appreciate your opening comments there.

And it—and it was interesting of your experience with the bottom-up review that you outlined and the experience you had there, that we should prepare for two wars and we were prepared for one-and-a-half. I think that was an important undertaking. I think you faced it realistically.

That is one of the concerns I have with this QDR. As I read the law that we passed in the 1997 reauthorization act—and I am going to quote from it—“The QDR should be done every 4 years, a comprehensive examination of the national defense strategy, force structure, force modernization plans, infrastructure, budget plan, and other elements of the defense program and policies of the United States with a view toward determining and expressing the defense strategy of the United States and establishing a defense program for the next 20 years.”

I think, as you outlined in your opening comments, maybe we have asked something that is a step too far, given a new administration, a new budgeting, and maybe we need to step back a little bit and look at this and come at it more realistically, and—but that is the law that we are dealing with right now.

And I think, as you—as you stated, maybe that we should do another more comprehensive study for the 2 years out. And as Mr. Hadley just stated, we should do that, I think, with grave humility.

If we look back 20 years and see what we were thinking about for where we would be right now, we would probably find ourselves inadequately prepared. And when we look out the next 20 years, I can see where we could be very nervous about what—about how firmly we make those commitments.

But at the same time, we have to, as you said, buy hardware that we are going to be using in 20 years. In fact, if you look back at the B-52, we may be using it for 40, 50, 60, 70 years.

This is a very serious undertaking. As you comment on these things, I would also hope that you would, if they so desire, other members of the panel sitting behind you, you might be able to let them give some comments of how they feel, too. I appreciate how you have—how you are really dealing with this nonpartisanly and bringing the whole committee to bear on—your whole committee to bear on this.

I take it that you are probably in agreement that we should—that the QDR is lacking in the—in the 20-year outlook, that—and they agree on that, I think. They said that they are looking out 5 years. In fact, Secretary Gates said anything past 5 years is a fantasy, anyway.

But you do agree that we should do a thorough, as comprehensive as we can plan for the next 20 years. Is that correct?

Mr. HADLEY. Yes. That is my judgment. You know, you may not get it absolutely right 20 years from now, looking back, but the process of looking out and doing that planning is important to do and to be institutionalized. And I think, as Secretary Perry said and as a number of members of our panel have said, we need to—and it is really what that fifth subpanel is going to look at. Is there another way to do that of which the QDR could be a piece of a broader whole?

And if I might mention one other thing, a number of members of our panel made the point that some of the issues like acquisition reform and health care and retirement costs are recurring themes of QDRs. They get surfaced up every 4 years, and then, you know, they recur 4 years later.

And I think one of the ideas our committee is—our panel is thinking about is making what recommendations we can on some of these tough recurring issues, but then coming back and suggesting perhaps there needs to be a dedicated structure where the legislature and the—and the executive branch will get together in some panel or forum or blue-ribbon commission and see if we can actually make some progress solving these things, so 4 years from now, when the next QDR comes out, it doesn't come up and we are saying the same things about the problem we said in this QDR.

So we are going to look at some creative ways to try and address some of these issues to supplement the QDR process. Again, I just put this as something a number of members of the panel think we ought to look at, and that will be one of the subjects addressed by that fifth subpanel.

Dr. PERRY. Mr. McKeon, I must say, I certainly favor a serious look ahead, 20 years ahead, and try and see what the threats

might be. I do understand, though, that we cannot forecast with confidence what the threats will be like 20 years from now. And it is going to depend to a very great extent on the adaptability, being able to adapt into a situation as they arise.

I want to give you one example of that, which I think is quite telling. Thirty years ago, I was the under secretary of defense for research and engineering. At that time, we were in the middle of the height of the Cold War, faced that threat very seriously, and we designed a system called the B-2. It was designed to deal with our strategic nuclear deterrence capability.

Well, the B-2 is still with us. And we—

Mr. MCKEON. With 20, instead of 130.

Dr. PERRY. Yes. And we are doing quite—we are doing quite different things with it today. We have adapted it so that it could be—carry several dozen JDAMs [Joint Direct Attack Munition] and to be used in a conventional applications. It turns out that, with the ingenuity of the people using it, have turned a weapon designed for strategic nuclear capability, one set of threats, into the kind of situation we are dealing with today. So we do also depend on the adaptability of our best policy people and engineers in the Defense Department to adapt to new threats as they arise.

Mr. MCKEON. I wish we had the 130. You also mentioned the problem that a new administration has using the—building the QDR on previous administration's defense strategy. And so it probably puts—and then doing that without having your full complement of people onboard, so there are lots of stresses.

One of the—one of the things that has been frustrating for me, though, is looking at the QDR, my feeling—my simple feeling was, we would get the QDR and then we would get the budget and see if we would be able to do the things that are necessary to meet the QDR. And I think it kind of happened backwards, so I think the budget drove the QDR, and we are left kind of without guidance on what kind of weapons we should be looking at to buy for the future.

And should we be seeking more money for the budget, more top-line? Because I am concerned with the ongoing budget concerns that we have. So I think we—probably, the QDR has opened up more questions than it has answered, and I am really looking to this panel to really help us, give us more guidance as we do move forward.

So thank you very much for your work.

The CHAIRMAN. I thank the gentleman.

I hope that in your final report you will take into consideration—and I know it will take extra work on your behalf—I hope you will take into consideration the thinking part, which means professional military education. And I hope you will take advantage of the great deal of work that has already been done by the Committee on Oversight and Investigation, headed by Dr. Snyder.

I know the transcripts are available to you, and I know a report from the series of hearings would be available to you. I would appreciate your doing that, because you have the finest military in the world. And if you do not have a strategic thinking or operational thinking or tactical thinking, depending upon the type of

conflict that you have, it is all for naught. And this is a serious business. And if you do that, I would certainly appreciate it.

We announced previously that we would start with those of lesser seniority and work backwards. And this is, of course, with the concurrence of Mr. McKeon that we will do just that.

The first gentleman is Mr. Marshall, according to the attendance records that I have. You are on.

Mr. MARSHALL. Well, I appreciate the opportunity to be on, Mr. Chairman, but since I just got here physically—I have been in the anteroom meeting with people on F-35—I think I need—I think we need to move to the number-two person.

The CHAIRMAN. Mrs. Davis.

Mrs. DAVIS. Thank you very much. Thank you, Mr. Chairman. And thank you all for the efforts that you are putting forth, as well as the rest of the panel.

I wanted to just commend you briefly, there were two things that you mentioned that I think are really important and trying to get a handle on it is tough, I know. The first one is, the way that we look at our families and the support system for our military and how important that is. I think it represents a kind of sea change in a way from when we always felt that, you know, perhaps it was an afterthought.

And the second one, really, is a civilian component and how that—how that interfaces and how we need to develop that and think about that in a totally different way than we have in the past.

Beyond that, I just wanted to ask you a little bit about how you plan to address and assess an important issue that we all are very well aware, the personnel issues, health care, retirement benefits, all those concerns that need to be maintained with an all-volunteer force. Clearly, we can't have the ships and the tanks and et cetera to buy when those costs are escalating at the rate that we are talking about. How are you going to get at that?

Mr. HADLEY. Well, I think we have got a subpanel to do that. We have asked initially for a considerable amount of data on what the trends have been. Then we are going to have to look at what is driving those trends and ask some very hard questions.

And, you know, there—I was thinking about this last night. There are huge dilemmas, because, you know, in a normal situation, you could look at co-pays and things of this sort, but these are for men and women in uniform who we are paying their salaries, so you get a little bit of sort of taking out of one pocket and having to put it back in another.

I think they are very challenging, very difficult. There are some ideas that members of our panels already have that they are looking at, and I think what we need to do is take a look at it and see if we can come forward with a set of recommendations that we think the Department and the Congress should think about.

I think we are advantaged by one thing in that the QDR makes clear that there are some ongoing studies looking about the total force, active, Reserve, civilian, contractors, but also looking at some of these personnel cost-related issues.

So we may actually have a vehicle within the Department itself that we can contribute some ideas to, because everybody recognizes

this is the train wreck that is coming in a world of deficits and constrained budgets.

I wish I had a silver bullet for you here. I don't. I think it is going to be very tough. If it were easy, it would have been solved before. And we are——

Mrs. DAVIS [continuing]. Try and tell the witnesses that we have who come to us on a variety of those issues that that is true, and sometimes when you pose options that we have, people do acknowledge it, but it is tough. And we are under a lot of pressure, but I am thinking ahead, too. I mean, we are not just thinking 5 years, as you say. We are looking really down the road, and that is the kind of fiscal commission that we are even talking about, when we look at a number of entitlement programs.

I mean, that is really the concern here. And so I appreciate that there is no silver bullet, but we want work with you to try and understand better how you are going to go about that, so that we challenge basic assumptions that you are being asked to do all the time.

Mr. HADLEY. And one of the questions people are asking, are we encouraging people to leave the service too soon and to get in the retirement, when, in fact, there is more work that a more flexible system would allow them to contribute either on active-duty, Reserve, Guard and Reserve? I mean, we are trying to open the aperture and look at a sort of creative approach to this thing, rather than just a narrow sort of cost, a green eyeshade.

Mrs. DAVIS. Thank you. And you mentioned the Guard and Reserve. We are having a hearing today, and certainly the mission sets that they have to deal with, even in the testimony we talked about equipment and the different ways of thinking about that than we have in the past. But I think there is a reality there that, you know, you just run into a wall when you are trying to balance all those needs at one time.

Dr. PERRY. Years ago when I was testifying to the Congress, I was asked, what are the three factors which contribute most to the quality of our forces? And I said training, training, and training.

And to be clear, though, in order to get the benefit of that training in an all-volunteer force, you need people to be re-enlisting. And the re-enlistments are determined not so much by the soldiers themselves as by their families.

And, therefore, I concluded that the quality of life that we provide for the soldiers and their families is an important factor in their re-enlistments. And, therefore, ultimately, quality of life leads to quality of force. So those two factors are very intimately tied to each other.

Mrs. DAVIS. Thank you. As you look forward, as well, thinking about math and science professionals is another key factor. I know that, as I speak to people in the community, because it is national defense, because we have constraints in terms of hires, we need to be able to grow our own in this area, and we are not doing a very good job.

And so I would hope that you could also weigh in on this issue particularly because we know the long-term needs haven't been addressed as well as they should be.

Thank you very much.

The CHAIRMAN. I thank the gentlelady.

Mr. Coffman, please.

Mr. COFFMAN. Thank you, Mr. Chairman.

I, first of all, want to express the concern that the administration has not risen up to the statutory obligations of the Quadrennial Defense Review. And I think, Mr. Hadley, you had mentioned that it seemed to focus on near-term threats, where certainly the intention of the statute is to project out irrespective of resources, and whether or not we can—and to send a message to the Congress, certainly, on what needs to be done.

And so it seems like that this Quadrennial Defense Review was clearly compromised by the immediate constraints fiscally, and I am concerned with that, and I think that—Mr. Perry, I think you reflected some of those same concerns, too, in terms of the 20-year window.

I know it is difficult to project out, but how would you see—how do you see—the United States has no peer competitors today, but China is a rising power, certainly increasing its industrial base fairly rapidly, which is enabling it to increase its military.

And so how do you project out to see whether or not this QDR counters or is able to counter the rising power of China?

Mr. Perry, why don't we start with you.

Dr. PERRY. Let me say, first of all, relative to the QDR, that had I been the Secretary of Defense, I would have probably made the same decisions as Secretary Gates made about what to do in this QDR, namely focusing on the 5-year issue, but I would also like to follow it on with a longer-term study, which could include some of the issues which you were raising the question about.

My own view is that the force structure we have today and the force structure we are building, have committed to build for the future already, is quite capable of dealing with any future military threats which I can envision right now. And I would project that out in my own thinking, maybe 10 years or so. I just don't think—my thinking isn't good enough to forecast what it is going to be like 20 years from now.

But as I look ahead to the next 10 years or so, I think the U.S. forces will be quite capable of dealing with any challenge which I can envision in the next 10 years.

Mr. COFFMAN. Mr. Hadley.

Mr. HADLEY. I would say two things. One, I think—think of it maybe a little bit this way. The questions that you have all set out here today and that are in the statute need to be addressed.

The question is, is the QDR the vehicle for addressing all of them? Or does the QDR have to be part of a broader system and effort whereby these things get addressed? And that is what we are trying to look at.

Secretary Perry talked about maybe before the next QDR, you need a sort of 20-year lookout exercise that then informs the next QDR. I think we need to look at it almost system-wide.

Secondly, you know, I think the China issue is this broader anti-access area denial kind of issue, and it is not just concerns people have about China in the South China Sea. It is a question about Iran in terms of gulf, and there are other places, as well.

My sense is that the QDR made a down payment on additional capabilities that our military forces need to deal with these threats. I think they did really not ask themselves, what is the capacity? What is sort of the volume of these capabilities you would need in 2028 if you had a serious threat, recognizing that threat will mature between now and then?

I think that is one of the unfinished items as part of the QDR. And I would hope it is on Secretary Gates' list of things to be looking at as you look out 10, 15 years, and that is one of the things we will be talking to him about.

Mr. COFFMAN. Thank you both. Just to commend you to look at our personnel structure, and this is archaic system that was developed, I think, in World War II that doesn't reflect, I think, the needs of today and this notion of a 20-year window and this up-and-out program. I am glad that you are taking a—willing to take a look at that. Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. I thank the gentleman. Dr. Snyder, please. It is your turn. We have been playing the rules backwards.

Dr. SNYDER. Backwards.

The CHAIRMAN. And since you were here on time, why, you are up next.

Dr. SNYDER. Thank you. Thank you, Mr. Chairman. I appreciate the limitations of our discussion today, given that you already haven't done the kind of study that you want. I appreciate your public service.

This issue of—what you all want to do is, is to come out with a report that is helpful. And so if it is pie in the sky—like if you were the republic of Iceland, you said, we need to raise a 1.2 million member military, Iceland is not going to do that. On the other hand, if you don't push things a little bit, then we will say, well, it is not helpful because it doesn't—you know, we knew that already. So you are kind of—you are kind of caught.

On the other hand, I think there are some—I think this kind of discussion is helpful to try to explore, what are those boundaries that the American people and the Congress would find helpful? I think Mr. McKeon in his opening statement—and I don't have it, so I may be quoting it incorrectly, because we have talked about this before.

I think, the discussion was, if you go to war, should you—you have to go to war, should you incur any additional risk elsewhere? Well, I think any military strategist would say, "Of course you would." If you took a third of your military to go to a major conflict, would that result in additional risk elsewhere? Of course it would. I mean, if it didn't, it would be peculiar. I mean, I just don't see how you can do that.

So the idea that we would have to have the size of our military such that if we wanted any major operation, we would incur no additional risk, I think that is pie in the sky. I just don't think that life works like that.

This issue of constrained by the budget, that somehow we would not want you to be constrained by the budget, we don't operate like that in any other area of human experience, certainly not in government.

I think about the incredible carnage on the highways that we as Americans have put up for decades. We lose tens of thousands of Americans every year dying on the highway and hundreds of thousands of serious injuries. We could dramatically, dramatically decrease those number of deaths if we all were to put an additional \$30,000, \$40,000, \$50,000 into each American automobile, I would think.

But why don't we do that? Because we recognize the realities of the constraints of budget. And so I don't even know if I have a question, other than to say you are kind of caught in this ongoing discussion that we have every time we do this process, which is, we want you to think outside the lines. On the other hand, if you get too far outside the lines, we will say you're constrained by the realities of any nation's budget, resources, geography.

You take the locations of our bases. There are inefficiencies now. These bases were located 40, 50, 60, some of them longer years ago than that. If you were starting over, we would not place these bases in the United States where they are now, but we are not starting over. We are constrained by the past, and that is just the way it is.

So I appreciate your work. I look forward to your final report. You are certainly welcome to comment on anything I said, but I haven't really formally asked a question, but—

Mr. MCKEON. Would the gentleman yield?

Dr. SNYDER. Sure, yes.

Mr. MCKEON. What I said in my opening statement was, "Choosing to win in Iraq and Afghanistan should not mean our country must also choose to assume additional risk in the national defense challenges of today and tomorrow."

What I was getting at was so much balance and focus on the next 5 years, I think it is a given that we decide to win in Iraq and Afghanistan. I think we are all in agreement on that. But that doesn't mean that we shouldn't also be planning out for the 20 years. And I think we have agreement on that, that this QDR does not address that.

And I think we need to come back to some way getting a study for the 20 years, even though we are also in agreement that nobody knows what is going to happen exactly in 10 years. Nobody knows exactly what is going to happen tomorrow.

But the further we get out, the less likely we are to be totally correct, but that doesn't mean we don't think about it and plan for it and do our best to be prepared for it.

Dr. SNYDER. Any comments you all want to make is fine.

Mr. HADLEY. I would have just a brief one on that. And I will see if Dr. Perry agrees with this. I think you can be informed by the budget, but not constrained by it, in the sense that what you can do is surface trades between capability and risk and cost, so that the administration and then the Congress can make some decisions about where they want to make the trade.

So I think it is—you can't be, you know, pie in the sky. It can't be a straightjacket. I think it can be informed so you can identify these kinds of trades, and that is where decisions get made.

Dr. SNYDER. And I think that is probably as good a description of where we ought to think about what your final product is, yes. Thank you.

Mr. HADLEY. Yes, sir.

The CHAIRMAN. I thank the gentleman.

Mr. Hunter, please.

Mr. HUNTER. Thank you, Mr. Chairman.

Gentlemen, thank you. Starting off, I think that this discussion that Mr. Snyder just brought up is a really good one. And it has to do with the role of the DOD and the role of this Congress.

I think the biggest problem that we see with having the budget constraint put on this lookout for the next two decades is that I think it is fine if we have that discussion in this committee, because that is what we are here for. We are here to have that discussion.

We don't need the DOD telling us what we ought to spend. They are there to give us their projection for what we ought to spend, what we ought to buy, but it is within this room, I think, that we should discuss something when it comes to terms of how much we should spend, we should be given what the DOD thinks that we need, even if it is pie in the sky, that they might say we need a 3 million person active-duty military in 15 years.

And we then say, well, that is impossible, so how do we mitigate that and what do we spend on that? What should it be? And we kind of go on from there. We didn't do that this time.

That is why I don't think that this budget constraint should be—like you said, Mr. Hadley, it should be informed, but it should not be—and my main question is, is that even possible? Can the DOD, which is an aspect of the administration, whatever one it is serving at that time, is it possible for them to be objective on themselves and maybe even make themselves look bad because the DOD and the OSD [Office of the Secretary of Defense] comes out and says, "We need all of this, but the President is only putting in enough money for this much, and that will make us less safe in 20 years"?

That is my first question. Is it even possible for the DOD to be objective on itself?

Two, we talk about this 20-year plan being impossible because of all the different things that are able to pop up, different unconventional threats, conventional threats. I think that we can really classify it, though. We do know that China is going to have more ships. We know North Korea is going to have more nuclear weapons. We know Iran—if we stay on the same course we are on now—they are going to have nuclear weapons. We know all of these things.

Russia is going to have more airplanes. China is going to have more airplanes. China is going to have more cruise missiles. We know that those things were going to increase at a certain production rate based on what we know of those countries now.

So why can't we say, 20 years from now, here is what we see—here is the 60 percent of stuff that we know, and here is what we need for that, and here is the 40 percent of stuff that we don't know? You know, who knows what crazy country comes up, gets a nuke or dirty bomb or something? And that is obviously an off-the-shelf scenario. And it is going to be really hard for us to adjust to that.

But we can adjust to 60 percent of things or 40 percent or—what is that percentage? What do you think—because there are certain things that we know—we have to have a Navy that is this big in the next 20 years to counter these other navies that will be this big? Because we do know that. And I think that this administration and that this QDR has been short on telling us those things, things that we can quantify very easily, and say, “Here is what we need, and we are not going to let the budget constrain those things.”

Dr. PERRY. Mr. Hunter, I must say, as Secretary, I always felt constrained by the budget that Congress had appropriated for me and my best estimate of what they might appropriate in future years. That certainly influenced my actions and planning.

But I also felt a responsibility to inform the Congress if I saw some threat looming in the future for which their budget did not adequately prepare me. And let me give you one example.

If I believe, for example, that a new kind of a threat, a cyber threat was emerging a few years in the future, and that we will not—in our present budget, did not actively prepare for that, I would feel obliged to inform the Congress that this was a threat that was coming up and that the present budget did not adequately deal with that and propose additional funds be coming from them.

That is just one example of a—it gets—it becomes much more difficult to do that when you are looking at potential threats 15, 20 years into the future. And using Steve Hadley’s phrase there, I think in that case you might at least call out the nature of the threat and ask for a down payment, some initial thinking, some initial planning on what you might do to deal with that future threat.

I can’t give you much more concrete answer than that, I am sorry.

Steve, do you want to add anything?

Mr. HADLEY. No, I think you have said it right. You look out 20 years. You know what you know. And you make decisions on that. There is going to be an area of uncertainty. You do the best you can. I think that is right.

And I think you have asked the Department to do that, and I think we will have an opportunity to talk to the Department about that and to encourage them to have, if they have not done that in the QDR, encourage them to have a way where that can be done as an input to their own planning. And my experience is, if you ask them that, they will do it.

The CHAIRMAN. I thank the gentleman.

Mr. Taylor.

Before I call on Mr. Taylor, how far along are you at this point regarding the Department of the Navy and the force structure of the ships? Have you addressed that at all?

Mr. HADLEY. We have not—we have not tried to generate alternative force structures. We are just not there.

We understand that is clearly one of the things that is in the statutory language. There are some members of our panel who think that is going to be very hard, you know, for our group with a staff to do that.

The CHAIRMAN. It is.

Mr. HADLEY. But that doesn't mean that we can't—I think—
The CHAIRMAN. It is very important. And I hope you will take a look at that.

Mr. Taylor.

Mr. TAYLOR. Gentlemen, I thank both of you for being here today and for your prior service to the Nation. Now that you have had an opportunity to step back and not be quite so close to the problem, I am wondering if you—particularly when it comes to acquisition, if either one of you ever find yourself saying, “Gee, I wish we could have done whatever?”

If along those lines, what do you think we ought to be doing different? Because obviously what we are doing now, with almost every program being way over-budget and almost every program being late, obviously, what we are doing isn't right. So what would you do different, now that you have had the time to look back on it, and what would you recommend that we do different?

Dr. PERRY. Mr. Taylor, before I was—some years before I was Secretary of Defense, I was the under secretary for what is now called acquisition and technology and logistics. And I must say, during that time, I made no specific effort to try to reform the acquisition system. I just worked with it as best as I could. And in retrospect, looking back on that, I regretted not having put more time and effort on trying to reform the system.

In between that time and the time I became Secretary, I actually worked on—with an independent commission, which was looking at acquisition, the so-called Packard Commission, and made a set of recommendations then—and then, when I became Secretary, tried to implement some of those recommendations.

The principal one which—would make some difference on in the 1993–1994 time period was removing from the—from the project officers the absolute requirement to use military specifications, which I saw as increasing the cost and lengthening the time of the acquisition. And we made some modest improvement in that regard, but not enough.

So—a man that I worked with in my independent studies on this, who is a young promising scientist named Ashton Carter, who by coincidence is now the Under Secretary of Defense for Acquisition and Technology and Logistics. So I think he is going into that job with the idea of making significant improvements in how we buy equipment. And I really look forward to seeing some substantial improvements coming from his tenure, some of which will be based on the studies both of us did together while we were out of government.

Mr. TAYLOR. Secretary Perry, to that point, going back to your time in acquisition, I am amazed that we as a nation have consistently failed—when we pay for the development of a program, we have consistently failed to demand the technical data package that the taxpayers paid for, whether it is on the engine for the Joint Strike Fighter, whether it is the Littoral Combat Ship, fill in the blank, whatever the program is.

It just amazes me that we don't own that after we paid to develop it. Did either of you give much thought during your tenure that that ought to be the case? And if there is a reason why we don't own these things, please tell me, because I think it ought to

be our Nation—Nation's best interest to own those things and be able to take that package from a failing vendor to a better vendor, if the case may be.

But if you have a downside to that, I would welcome your thoughts on it.

Dr. PERRY. When the item has been developed under government funds and procured under government funds, then I think we should have the data package that goes with it. But I want to qualify that by saying that I think we should be doing more acquisition of things not developed under government funds.

More of our acquisitions should involve commercially developed components for our systems. And that is one way of reducing costs and improving schedule and systems.

That will not always be possible until when it is not possible, and when it is a fully government-developed system, then I think we ought to have the data rights for it.

Mr. TAYLOR. Mr. Hadley, I didn't mean to ignore you, but I am curious, particularly on the technical data packages, during your time in the DOD, did that discussion ever come up? And do you think that we—that is a mistake that we ought to be correcting now?

Mr. HADLEY. I am not a specialist in this. I think we need to look at it, and we will have our panel look at this. I reported to the Pentagon in September of 1972, working in an analysis group for the comptroller, and the first thing I was put on was to help look at acquisition reform.

Acquisition reform seems to be the cause that we are always pursuing and never happens. And I think your big question is, how come, after 35 years, we don't do it better? And I don't have a good answer to that.

Mr. TAYLOR. Okay. Thank you, Mr. Chairman.

The CHAIRMAN. Thank the gentleman.

The gentleman from Virginia, Mr. Forbes.

Mr. FORBES. Thank you, Mr. Chairman.

And, gentlemen, first of all, thank both of you and all the members of the panel. You are brilliant men who serve the country well, and we just thank you and appreciate your service.

I have a concern that I would like to state more perhaps for you to be examining as you move through this process, but I would welcome any of your response down the road.

The chairman mentioned earlier three things. He said, one, we are applying the rules backward. But he also said we are the most bipartisan committee and the most nonpartisan committee in Congress.

And the reason that we can be bipartisan and nonpartisan is because, even if we are applying the rules backward, we knew what the rules were. The chairman let us know well before we came in here what those rules were going to be.

We know it is a fair process. We know also who is going to ultimately vote on a piece of legislation that comes out of here. And we know, for every number of our staff on either side, we know who hires them, we know who they serve and who they represent.

Process can sometimes matter. If you control the process, you can control the results. If it is a flawed process, it is a flawed result.

I was particularly interested in Mr. Talent and Mr. Edelman's supplemental comments where it says, first of all, we have heard mentioned that it seems clear that the QDR was heavily informed by the current budget, rather than operating with an unconstrained look at the Nation's defense needs in the coming 20 years.

But I was more intrigued by the statement that says this, "Based on what we have learned so far, it appears that force structure recommendations, scenarios and assumptions employed, risk levels and budgetary recommendations were generally predetermined for this QDR." If that is, in fact, the case, the assumptions, the war gaming, the strategies all were predetermined before we looked at the QDR, one of the areas that really bothers me is what we have just seen kind of exposed in the last week or so with the mentoring program and how that could have had an impact on the QDR. We don't know the answers to that because the Department of Defense won't give us all of those answers.

But here is my big concern. When we have individuals working in the war gaming, the strategies, sitting some of the assumptions that may ultimately be worked into that QDR, who are, one, getting full retirement from their service as they should—up to \$175,000 or so per year—but then we find out that they are also being hired by the Department of Defense, some of them being paid up to \$281,000—at least that is the only thing we have seen disclosed for 6 months work—but then also that they are being paid millions of dollars by individuals who have a direct concern in the outcome of the QDR.

And then we find out that, one, there is no conflict of interest statement that had to be filed; two, that they had no prohibition of divulging information they got out to the entities that they represented; and, three, that they could serve giving their input and their advice when they were being paid these huge sums of money for consulting purposes outside to private individuals.

That is a major concern to me, especially when we find that there are at least some provisions in the QDR with such a dramatic change from what the previous QDR has stated.

Now, the reason I state that for you is, I don't know what impact some of that has on the QDR, but it would frighten me to think that some of the staff people here were being paid three, four, five, six, seven, eight times more by some outside source to come in here and then give me advice on decisions that I was making.

So I would ask you—now, I know Department of Defense has come out and changed this policy, I think just last week, but that doesn't mean it was changed with some of these assumptions that could have been worked into the QDR.

So I would just ask you, if you could, as you are looking at this process, if you could, one, find out if any of that could have had an impact, but, secondly, how we can have more credibility in the process by at least getting answers to, where could that have had impacts in that process? Right now, there is a lot of unknowns in those areas.

So with that, I leave it for any comments that you have and—from me down the road on that.

And, Mr. Chairman, I yield back the balance of my time on it.
The CHAIRMAN. I thank the gentleman.

Mr. Kissell.

Mr. KISSELL. Thank you, Mr. Chairman.

And thank you, gentlemen, for being with us today. Today seems to be a day of thoughtful discussion, as we as members express some of our concerns to you and directions that we hope you follow as you go back to your task and recognize—and you haven't been about the task long, but we certainly appreciate this. And, of course, the tone of the discussions already have shown how important your work is going to be.

I would like to follow just a little bit of what the chairman said earlier, in terms of the strategy that we have within the knowledge base of our leadership and our troops, so that we can have the flexibility and be able to respond.

Yesterday, we had a hearing about our nuclear posture report, and we talked about that, in certain cases, we have the ability to respond not with a nuclear strike, but with other military means, if we are so attacked. If you have troops in Iraq and Afghanistan, all of a sudden you have to come back with a full-spectrum, as the chairman said, conventional attack. We may not have those 3 to 4 weeks to prepare our troops, but, also, to make sure that we have the leadership that is trained so that they can at least have the strategies in place of how to use full-spectrum conventional response.

Because if we are consistently going back to Iraq, Afghanistan, as much as we have been, has there been proper training for these other scenarios that could play out? That is the concern I have.

And I want to carry it one step further is to—especially to our National Guard and Reserves. Are they getting the full training when they are mostly being used right now, obviously, in the situations in Iraq and Afghanistan—are they being prepared for conventional warfare, as we might know it? And will they have the equipment to prepare for this?

At a separate hearing, we talked about lift capacity. When we had all of the planes being used for the Haiti operation, I asked the question, do we have sufficient lift capacity? And I was told that we do, only to 2 weeks ago get a call from the commanding general, North Carolina National Guard, saying the Air Force was going to be taking two of its C-130s.

And I think it is like 10 C-130s from Air National Guard all over. They needed that for their lift capacity, where not too long ago, I was told we had plenty of lift capacity.

So I do have concerns, and this is not really a question, and just a statement I have concern to make sure we have the people that have the strategies that can do the training, but also to make sure that we carry that down to our Guard and Reserves, that they have the strategies and the equipment for the training.

Thank you, sir, and I yield back, unless you all have comments on that.

The CHAIRMAN. Thank you.

Any comment on that?

Dr. PERRY. Only that I share the view that the National Guard and the Reserves are very important components of our all-volunteer force and that we will specifically in our force structure and personnel subpanel look at that question.

The CHAIRMAN. Thank the gentleman.

Mr. Jones.

Mr. JONES. Mr. Chairman, thank you very much.

And, gentlemen, thank you so much and all the members of the panel. It is a very impressive group of people. And I would like to make a few comments, and then I am going to close.

I don't think there has ever been a time that this country has needed a panel such as yours to be very honest with the American people. I look at you, Dr. Perry, when you were with the administration—I can't remember what the debt and the deficit was at that time. I know when Mr. Hadley came with the first Bush administration, Mr. Bush inherited a surplus.

And here we are today, and that is why your charge is so critical. Here we are today with information out in the public that possibly by 2020, which is really less than 10 years now, that 90 cents out of every dollar will have to go to Social Security, Medicare, and veterans benefits. So that will leave 10 cents out of a dollar to go to other programs, including the military.

This is not a criticism. I have been here 15 years. It is more of an observation. This is one of the best committees I have ever been, whether it was Duncan Hunter chairman, now Ike Skelton. But I see the politics that is played within the Congress, not this committee—I want to make that clear—but once you start getting into the budget process, and somebody wants an airship here, somebody wants a boat here, and all of a sudden, here we are trying to deal with a country that is crumbling.

We owe the Chinese over \$800 billion. Dr. Perry, you mentioned the high cost of health care. There is a book that I would recommend people to read if they had time to read it. It is "The Three Trillion Dollar War" by Joe Stiglitz, well-known economist.

Are we going to be in a position to take care of our needs militarily and take care of our veterans? I know you are not going to be speaking primarily to the veterans, but it all is correlated. If you are spending \$3 trillion to take care of our wounded from Afghanistan and Iraq and you didn't factor that in, you don't factor in the 10 years down the road when we are only going to have 10 cents out of a dollar to pay for federal programs, including the military.

We need your honest work to this committee, in my humble opinion. I won't be here 10 years from now. I might not even be here 2 years from now. But the point is that we don't have the luxury of playing games anymore in this country, and particularly as it relates to our military, because we do need to have a strong military.

But I don't think we can any longer take care of the world. I don't think we can build empires. I really don't. If they come after us, let's go after them and bomb them and get them out. Let's do whatever we have to do.

But, please, really, I have heard this from other colleagues—and I am going to stop in just a moment—please realize that what you are going to do this year probably has more meaning than ever before because of the shape of our country.

I was over at Walter Reed Bethesda [Medical Center] with the family from Mississippi who brought their dog up to visit. We saw three Marines in Bethesda, three Marines, and both legs are shot off. I held the mother of a 19-year-old Marine who lost both legs,

and all I can say is, this country better be—excuse me—better be sure of what we are going to be doing in the future.

Your work is so critical to the success of our military, but the success of this Nation. If you have any comments, please. If you don't, I just thank you for listening to me.

Dr. PERRY. I thank you for your comments.

The CHAIRMAN. Mr. Larsen.

Mr. LARSEN. Thank you, Mr. Chairman.

Dr. Perry, in your testimony, in your joint testimony, you discussed some of the work that you will be doing, and the first—one of the first points the panel makes is that you will look at the nature of 21st century conflict. So a question for you, Dr. Perry, on this point.

Now, JFCOM [Joint Forces Command] recently completed their report on a joint operating environment, looking out 25 years, looking at a variety of trends in the world, and what does that mean for the use of our military. And what I see you all will do is essentially take a look at some of the same issues and then review trends, symmetries, concept of operations that characterize our military balance with potential adversaries.

It seems to me, is there a space in between that you might need to be looking at, as well? You look at the environment, but you look at these trends. I know you look at resource requirements, as well. You will say you will look at resource requirements.

Are you going to look at trends in the capabilities, though, that we will need in order to address those trends? Because it seems that resources would be—kinds of things that we need to do versus looking at trends in the world and then jumping to, "Here are the things we need to build."

So is there—are you considering that? Or am I missing something? Am I reading too much into the testimony? Am I reading too little into the testimony?

Mr. HADLEY. I think one of the things that the Department has done and we will do is look at, are there trends in our capabilities that put us in a better position to deal with these threats 20 years out?

Mr. LARSEN. Right.

Mr. HADLEY. And are we making sufficient investment in those capabilities to bring them online? The investment this country has made in ballistic missile defense, for example, has put us in a much better position than we were 20 years ago, so I think we will clearly be looking at those things as part of our work.

Mr. LARSEN. I guess what I am just getting at is that we tend to—we tend to look at things we ought to be building instead of the things we ought to be doing and then let that drive what we ought to build. But we would like to—unfortunately, I think to our detriment, look at—we like to count up things as opposed to count things we ought to do and then decide what things we ought to build to do that.

Mr. HADLEY. Right. And I thought, actually, one of the things I liked about the QDR is they talked about capabilities—i.e., things we ought to have and do, in terms of military capabilities—and then capacity, which gets into the number issue.

Mr. LARSEN. Right.

Mr. HADLEY. I think breaking those out is useful. They focused on capabilities and made some down payments on the capabilities we need 20 years out.

Mr. LARSEN. Right.

Mr. HADLEY. We need to assess whether that is coming along fast enough. But then they also need to look at the capacity issue, because there is a numbers issue—

Mr. LARSEN. Right, there is.

Mr. HADLEY [continuing]. That needs to be addressed. I think we will look at both.

Mr. LARSEN. Second point, on the whole-of-government capabilities—and this—I am not sure—I am not sure how far the Clinton administration got into this and the NSC [National Security Council], but certainly when you were at the NSC in the Bush administration, we were all kind of forced to look at whole-of-government capabilities with Iraq and then—well, Afghanistan, Iraq, and then back to Afghanistan again.

It is something we are trying to—we are grappling with here on the Armed Services Committee when we look at 1206 and 1207 and 1208 sections of the defense authorization bill and then looking at this concept of pooled resources that has been floating around for the last several months.

Are you at all considering what that might look like, how you—I don't know—look at whole-of-government capabilities? And can you come up with a different term, as well, that is more accurate—accurate with what we are trying to do? Is this a trend in capability that you will be looking at more in depth? And can we expect to see some feedback on that?

Dr. PERRY. Yes, we have a whole—a panel dedicated to looking at that issue. We think it is very important. And it is not just the question of how you organize it. It is a question of how you fund to do it.

Mr. LARSEN. Right.

Dr. PERRY. And some of the funding is not going to be Defense Department funding. And so how do we integrate that?

Mr. LARSEN. That is—yes, right.

Dr. PERRY. And how does the Congress integrate—it is various committees working that—it is a very difficult issue.

Mr. LARSEN. Right. I would suggest to you it won't even be just Defense and the State Department, which is how we tend to think about it around here, as well. In a lot of ways, it really goes beyond those two departments.

Mr. HADLEY. It does, but I would hope that we would—and the Congress in general, and perhaps this committee in particular, would take the opportunity of the QDDR process, the Quadrennial—I guess they call it—Diplomacy and Development Review the State Department is doing, which, as I understand it, is going to address some of these issues.

Mr. LARSEN. Yes, thanks a lot.

Thanks, Mr. Chairman.

The CHAIRMAN. Thank you.

Mr. Bartlett, please.

Mr. BARTLETT. Thank you both for your service and your testimony.

You know, when we fight today, we are accustomed to having a carrier task force just offshore. We are accustomed to having unchallenged airways and sea lanes to deliver the supplies we need. We are accustomed to having total air superiority.

The reality is that, if we were to go to war with a peer—and there will be a peer in the future—we will be in a very different world. For instance, the Chinese anti-ship missile means that our carrier task force can't come within 1,200 miles of where it is sited. If it is sited on a ship, that means we can't come within 1,200 miles of anywhere in the whole world.

The new surface-to-air missiles pretty much deny access—the best of those deny access to our cargo planes. And the Russians will sell you—and they are now—will sell you a 100-knot torpedo. They are now developing a 200-knot torpedo. That means the sea lanes would be very iffy, if you were against a peer and if the peer had that capability.

The Russians have just launched a new plane, the PAK FA [Perspektivny aviatsionny kompleks frontovoy aviatsii, literally "Future Frontline Aircraft System"], I think they call it. They developed it to best our 22 [F-22]. We are now not building the 22. Secretary Rove sat in my office not very long ago and told me that the best combination of fighter aircraft and pilot in the world was not an American plane and an American pilot. It was the—it was the Russian plane at that time and a pilot from another country, which I won't—which I won't mention.

I see this review as business as usual. I don't see any reflections that fighting a peer in the future, that we need to have a very different approach than this. And it is also very clear to me that we cannot continue to fight the kind of wars we are fighting today the way we are fighting. They are hugely asymmetric wars. It cost them very little to put these IEDs out, and we spent \$40 billion on one asset alone. That is MRAPs [Mine Resistant Ambush Protected Vehicle].

We cannot continue to fight these wars. Our enemy has the capability of an endless succession of these wars, which will eventually bleed us dry if we choose to engage ourselves in these wars this way.

Am I wrong to have these concerns about a potential peer in the future? And these are not to-be-developed capabilities. This anti-ship missile is real today. It is a real game-changer. The best surface-to-air missiles would deny access to almost all of our cargo planes. And the 200-knot torpedo—the 100-knot torpedo is enough, thank you—means that the sea lanes would be really, really challenged. And we will not have air superiority if the—if our enemy has the equivalent of the Russian PAK FA plane.

And can we really continue to fight these hugely asymmetric wars? It must be at, what, at least 1,000 to 1 in dollar cost for these wars? If we are going to continue fighting them, don't we have to fight them another way? Am I wrong to have these concerns?

Dr. PERRY. Two comments, Mr. Bartlett. First of all, I believe that the actions—the capability we now have in air superiority and the actions we have taken to try to sustain that will be successful. But on your issue of asymmetric warfare, I do not think we have

an adequate answer at this point to the asymmetric threats that we are faced with.

And that, in my judgment, is an area in which we should be paying much more attention to, and it certainly will be part of our consideration in our review.

Mr. BARTLETT. Steve.

Mr. HADLEY. I agree with that. It is an area of concern. It needs to be addressed as part of our review. And I think it needs to be addressed more intensively by the Department.

Mr. BARTLETT. We are following Osama bin Laden's playbook. This is exactly what he wanted us to do, was to engage in this kind of asymmetric war, and he made the statement that, if they would continue this, they would ultimately bleed us dry. Why do we choose to follow his playbook in the way we fight these wars?

Mr. HADLEY. I guess the one thing I would say, that I think that in the experience we have had in Iraq in the last couple years and in—as those are being applied in Afghanistan, we have made progress in dealing with these asymmetric threats.

Mr. BARTLETT. Well, we have, indeed, but at huge, huge cost. We are doing exactly what he said we would do, and that is spend huge amounts of money. They would eventually bleed us dry, which is what they are doing, aren't they?

Mr. HADLEY. Well, you know, there is an enormous advantage in the asymmetric threat. It is cheaper. It is more distributed. And the cost to protect our people from it can be very high.

But I think the truth is, we have made considerable success in the war on terror generally and in Afghanistan and Iraq, notwithstanding the challenge.

Mr. BARTLETT. Thank you.

The CHAIRMAN. Thank the gentleman from Maryland.

Mr. Akin.

Mr. AKIN. Thank you, Mr. Chairman.

Had a couple of questions and probably not enough time to ask them all. The first is an overarching concern that I have particularly sensed in the last couple of years on this committee, and I think it relates to the Quadrennial Defense Review, and that is a lack of—or complete no transparency between the Pentagon, Secretary of Defense, and Congress, and particularly this committee.

My concern is this. We are all people that work in the political world. We know there is a certain amount of money we are going to spend on defense. It seems to me that the Pentagon should say to us, okay, you guys are the ones who are giving us the money. And for this much money, we can buy you this much security.

But if you reduce the money to this percent of GDP [gross domestic product] or however you want to say it with this size budget, there are areas where we are taking risks. And these are the danger points and where they occur time-wise, and you have to assess Congress whether or not those risks are worth taking, given the amount of money that we have to spend. That is the way I think the thing should work.

In fact, what it seems like we are being told everything is always okay, no problem, and we continue to reduce the amount of money that we are spending. And I don't think that we are doing that with an adequate assessment of, really, what are the dangers and

where are the places where we have made some assumptions that we need to be aware of?

And, of course, part of that is, is—you know, when you do the Quadrennial Defense Review, the theory is, is that you just basically do that based on what the need is, not on what the finances will carry. And yet our continuous concern is, is that those things are written for a certain size budget.

And so I am concerned—and sometimes that occurs in this committee—I am asking questions that are very obvious, straightforward questions, and I just don't get answers. I can take it to a top-secret security, and I still—we are just getting blown off. We are not getting straight answers to very obvious, straightforward kinds of questions.

And so that is my concern. And I hope that you will help us, and that is part of the reason why we have tried to commission you to take a look at this and to say independently, what are our risks?

I think the previous questioner, Roscoe, has the same kind of concern, because he is on Airpower now, and I am on Seapower, and we see the Sunburn missile and we see ballistic missiles that we can't stop, and we see increasing stealth and increasing distance on the Chinese diesel boats, the denied access and all.

And we are saying to ourselves, wait a minute, we don't have a product that stops this kind of threat. What is our level of vulnerability? If you could respond to that. I know it is a very general question, but if you could respond to that.

Dr. PERRY. Only to say that that is the nature of this, the study we are doing, trying to answer the kind of questions that you are asking. I don't believe we will be fully successful, but that is what we are trying—that is what we will be trying to do.

Steve, do you want to add to that?

Mr. AKIN. I think, also, if you answer in terms of what is your risk at one time period in history, too, you know, because the President said, well, we are going to cancel missile defense in Poland and the Czech Republic, and we are going to replace it with the missile defense that comes off a destroyer, so we are going to replace a 20-ton missile—anti-missile missile with a two-ton.

Well, the trouble is, we can't really stop a ballistic missile using what we have now on our Aegis missile system. Maybe we are going to build that missile in a few years, but we don't have it right now.

And so there is a window of vulnerability, and that is our question is, where are those? And time-wise, where are they, relative to what our planning is?

The other question I had was—and that is a national security strategy, we are supposed to—the administration is supposed to produce a national security strategy. And then the QDR is supposed to connect in with that. Well, of course, they haven't done it.

So our question is, is that a big problem, as well?

Mr. HADLEY. Obviously, you would have liked to have started with a national security strategy. I think the QDR did as best as they could taking the guidance they had from the President and what was from the last administration, but it is not perfect. It is not perfect. And I think they acknowledge that.

Mr. AKIN. Thank you, Mr. Chairman.

The CHAIRMAN. I thank the gentleman from Missouri.
We have no more questioners. Mr. McKeon?

With that, gentlemen, we thank you very much for your testimony and for the work you have done. I think by now you have a better understanding or better thought about our concerns and some of the areas in which you should delve in your investigation and your studies.

It is a monumental task that you have. And we look forward to your thoughts. And in the meantime, we just want you to know we appreciate it.

[Whereupon, at 11:48 a.m., the committee was adjourned.]

A P P E N D I X

APRIL 15, 2010

PREPARED STATEMENTS SUBMITTED FOR THE RECORD

APRIL 15, 2010

FOR RECORD

OPENING REMARKS OF RANKING MEMBER McKEON

April 15, 2010

Thank you, Mr. Chairman.

Welcome to our witnesses, co-chairs Perry and Hadley, and thank you for being here this morning. While I know that the Independent Panel has only recently begun its work in earnest, I understand that the Panel is familiar enough with the document and underlying analysis to make initial findings. We look forward to your testimony today and thank you for agreeing to serve as Panel co-chairs.

Let me also take a moment to thank the other Panel members in attendance today. In particular, I'd like to thank my appointees to the Panel, Ambassador Edelman and Senator Talent, for agreeing to sit on the Panel and for being here today.

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This committee understands the strategic significance of the Quadrennial Defense Review (QDR). After all, this is the third committee event addressing the 2010 QDR in three months. Yet, it seems to me this QDR failed to deliver on arguably the 3 most important functions of a QDR. First, this QDR appears to be a budget constrained rather than a budget neutral analysis into the capabilities the Department needs for the future. Second, this QDR failed to outline a defense program that looks out 20 years, as required by the statute. Third, the QDR report recommends that the United States essentially maintain our present force structure for the future years defense plan (FYDP) and does not recommend a force structure beyond the FYDP (pronounced FID-DIP).

In our March 29th letter to today's witnesses Chairman Skelton and I asked the Panel co-chairs to address these three concerns in today's hearing. Your prepared statement addressed these issues in part, and I

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hope that we can discuss your perspective in detail over the course of the hearing.

This QDR did not emerge out of a vacuum. For some time now Secretary Gates has been pushing for balance in the Defense Department in an effort to focus the Pentagon on prevailing in the conflicts of today. In the Secretary's introduction to the 2010 QDR he writes that his efforts to re-balance the Department in 2010 "continued in the FY 2011 budget and [were] institutionalized in this QDR and out-year budget plan."

While the balance initiative may have been appropriate for the 2010 or 2011 defense budget, efforts to make *balance* a fixture in the QDR is short-sighted and puts the Department on the wrong path for the next 20 years. Choosing to win in Iraq and Afghanistan should not mean our country must also choose to assume additional risk in the national defense challenges of today and tomorrow.

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In my view the QDR understates the requirements to deter and defeat challenges from state actors and it overestimates the capabilities of the force the Department would build. This QDR does an excellent job of delineating the threat posed by those with anti-access capabilities – notably China – but does little to address the risk resulting from the gaps in funding, capability and force structure.

As a result, we find a QDR that basically reinforce the status quo despite serious threats to our current capability. Thus, this QDR provides a force structure that is built for the wars we're in today, when the purpose of the review is exactly the opposite – to prepare for the likely conflicts of tomorrow. I encourage the Panel to ask: what's new here? If this is really a vision for the "defense program for the next 20 years", as the statute requires, then why does the QDR lay out a force structure for the next five years – not to mention one that looks a lot like today's force? The QDR is supposed to shape the Department for 2029 – not describe the Pentagon in 2009.

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I suspect part of the problem is that the 2010 QDR lacked strategic guidance. This report was delivered before the Administration issued its National Security Strategy, and had to rely on a 2 year old National Defense Strategy from the previous Administration.

In addition to the fundamental problems with the QDR that I've just outlined, I have specific concerns around one of the QDR's key mission areas: "deter and defeat aggression in anti-access environments." In my view, this is the mission area which should have driven the growth in size and capability of our air and naval forces. Yet, we cannot evaluate whether the QDR has the right force structure for this critical mission area, because it offers no clear force planning construct and abandons the two war strategy.

One of the best examples of inadequate force structure is in the area of missile defense where there is no indication that the Navy has increased the requirement or funding for large surface combatants to support its increasing role in the Ballistic Missile Defense mission. The

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QDR maintains the requirement for large surface combatants at approximately 88. This requirement was established in 2006, at which time there was no BMD mission for these vessels. We have since received testimony that perhaps dozens more surface combatants could be required to perform this mission on top of the ships' other existing missions. How does the Department plan to meet the President's new European missile defense plan or the other regional missile defense needs called for in the Ballistic Missile Defense Review? My fear is that the Department plans to harvest these assets from an already under-resourced Navy.

Equally disconcerting is that almost all of the initiatives in the QDR depend on legacy systems. Instead of committing to building next generation platforms to deal with the present and evolving threats and capability gaps, we are told on page 33 of the report that: the Secretary of Defense has a follow-on study to determine which capabilities will best support U.S. power projection operations "over the next two to

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three decades.” This study, the report continues, will then inform DoD’s 2012 Program Objective Memorandum. Likewise, on page 32 we’re told that the concept for defeating adversaries “across all operational domains” in anti-access environments is still under development by the Air Force and Navy. Isn’t this the essence of what the QDR should have developed today?

The QDR raises many more questions ranging from strengthening the industrial base to how we balance risk. I hope we can cover these issues in this hearing and future sessions.

I look forward to the QDR’s Independent Panel reviewing the assumptions underlying the QDR’s decisions and providing the Congress with an alternative view on how the Department should posture itself for the next 20 years.

Once again, thank you for being here today. I look forward to your testimony. I yield back, Mr Chairman.

Joint Statement of William J. Perry and Stephen J. Hadley
before the
House Armed Services Committee
Hearing on "Quadrennial Defense Review Independent Panel"
Washington, DC, April 15, 2010
10:00 a.m. – 2118 Rayburn House Office Building

Chairman Skelton and Ranking Member McKeon, thank you for this opportunity to appear before you and other members of this distinguished Committee to discuss the ongoing work of the Quadrennial Defense Review (QDR) Independent Panel.

As you know, the QDR Independent Panel, which includes 12 appointees of the Secretary of Defense, Robert Gates, and 8 appointees of Congress, and is facilitated by the United States Institute of Peace, has been asked to submit a written assessment of the QDR by July 15, 2010. We are here today to give you an update on the work of the QDR Independent Panel and discuss with you the direction of our work over the coming months.

Mr. Chairman, the first Quadrennial Defense Review was released in 1997 after a number of earlier defense related studies – including the Base Force Review (1991), the Bottom-Up Review (1993), and the Commission on Roles and Missions (1995) – sought to reshape U.S. military strategy following the collapse of the Soviet Union. Given the new global security landscape at the time, the Department of Defense led the U.S. effort to maintain peace and security through the deterrence of conflict, peacekeeping efforts, and the promotion of democracy, while retaining the two Major Theater War (MTW) scenario as its primary force-shaping construct. Specifically, the 1997 QDR concluded, quote:

U.S. defense strategy for the near- and long-term must continue to shape the strategic environment to advance U.S. interests, maintain the capability to respond to the full spectrum of threats, and prepare now for the threats and dangers of tomorrow and beyond. Underlying this strategy is the inescapable reality that as a global power with global interests to protect, the United States must continue to remain engaged with the world, diplomatically, economically, and militarily.ⁱ

Mr. Chairman, the security challenges facing the United States today are much different than the ones we faced over a decade ago. We are currently involved in two conflicts abroad. Our men and women in uniform continue to advise and support Iraqi security forces in an effort to responsibly transition and drawdown U.S. forces. In Afghanistan, our military continues to fight alongside our partners and allies to deny Al Qaeda a place of operation, to counter insurgent efforts, and to establish an Afghan security force capable of defending its people. By the end of 2010, approximately 100,000 U.S. military personnel will be in Afghanistan. There is no doubt, as Secretary Gates has stated, this is truly a wartime QDR.

In addition to ongoing military operations in Iraq and Afghanistan, the United States faces a geopolitical landscape that is increasingly dynamic and significantly more complex. Traditional state and non-state actors are highly adaptable. Information and advanced technologies are readily available. The proliferation of weapons of mass destruction and the potential for their use by terrorists remains an omnipresent threat to U.S. and global security. The international system continues to evolve with the rise of China and India. Finally, energy constraints, potential environmental changes, resource competition, communicable diseases, and population shifts are only a few of the challenges that will continue to make the geopolitical system extremely volatile. If you add the recent financial downturn and potential impending budgetary constraints, the U.S. and the Department of Defense face incredibly daunting challenges in the years ahead. But these challenges can be overcome.

Mr. Chairman, Secretary Gates and the Department of Defense deserve great credit for attempting to address all these challenges in the 2009 QDR.

It is an impressive down payment on a process that will require significant effort by the Department of Defense and the Congress in the years ahead. The QDR Independent Panel, as mandated by the Fiscal Year 2010 National Defense Authorization Act (FY10 NDAA), is directed to:

- review the Secretary of Defense's terms of reference, and any other materials providing the basis for, or substantial inputs to, the work of the Department of Defense on the 2009 QDR;
- conduct an assessment of the assumptions, strategy, findings, and risks in the report of the Secretary of Defense on the 2009 QDR, with particular attention paid to the risks described in that report;
- conduct an independent assessment of a variety of possible force structures for the Armed Forces, including the force structure identified in the report of the Secretary of Defense on the 2009 QDR; and
- review the resource requirements identified in the 2009 QDR pursuant to section 118(b)(3) of title 10, United States Code, and, to the extent practicable, make a general comparison of such resource requirements with the resource requirements to support the forces contemplated under paragraph (3).ⁱⁱ

Your QDR Independent Panel plans to perform each of these tasks. The FY10 NDAA requires the QDR Independent Panel to submit a written report to the Secretary of Defense and the congressional defense committees by July 15, 2010. We will make every effort to meet this date.

Mr. Chairman, we intend to execute faithfully the intentions of Congress and conduct a thorough and comprehensive review of the 2009 QDR. As part of our initial assessment, we note that the QDR emphasizes three important points: 1) We must win our current

wars; 2) Our national security requires a “whole of government” effort; and 3) We must better support our troops and their families if we intend to maintain our current operational tempo. We applaud the QDR’s effort to address the challenges currently facing the Department of Defense. However, we will examine the QDR to assess whether it is suited to the nature of future conflict and whether it provides a strategy to address future threats in a comprehensive manner. Additionally, we will examine its force-sizing construct to determine if it is compatible with the Future Years Defense Program and to assess the force structure it would produce to meet the challenges we will face over the next 20 years. And finally, we want to determine what further changes, if any, the Department must make in order to implement this QDR’s strategy fully and effectively.

To date, the QDR Independent Review Panel has met twice, once in February and again in March. While we have no conclusive findings to present to the committee at this point, we have developed a broad framework for how to proceed, and identified the topics we intend to pursue. Specifically, the QDR Panel intends to examine critically the following questions associated with the QDR:

- *The Nature of 21st Century Conflict*: The QDR Independent Panel will evaluate security challenges based both on the traditional construct of “potential adversaries” and on the non-traditional drivers of conflict, such as access to resources, mass migrations, and climate change, which will confront the United States over the next 20 years. The QDR Independent Panel will also review the assumptions, “trends, asymmetries, and concept of operations that characterize our military balance with potential adversaries.”
- *“Whole of Government” Capabilities*: The Panel will assess the integration of policies, plans, and activities of various organizations concerned with and involved in national and international security and stability. We will examine how those U.S. government departments and agencies involved in the interagency process relate to one another, with emphasis on national security, homeland security, international economics, and stabilization and reconstruction issues; and how those agencies and departments relate to the broader cast of organizations and entities focused on security and stability including NGO’s, the private sector, and multilateral organizations, such as the United Nations. The Panel will address the increasing role of the civilian Department of Defense workforce and the use of contractors in conflict zones, including their proper use, scope of tasks, oversight and accountability. Additionally, we will address the status of the efforts to create an effective expeditionary civilian capability for dealing with post-conflict or failed/ failing state situations that often require a civil-military partnership operating in conflict zones.
- *Force Structure and Personnel*: As mandated by Congress, the Panel will examine in detail the force sizing construct used in the QDR, the resulting recommended force structure, and “conduct an assessment of a variety of possible force structures.” The Panel will also “review the resource requirements”

identified in the QDR, and “to the extent practicable, make a general comparison of such resource requirements with the resource requirements to support the forces” cited in the QDR. We will also examine the expected costs necessary to sustain a force structure and supporting end-strength – both in terms of active duty and reserve components – sufficient to perform the missions anticipated in the QDR. Additionally, accessions, career progression, healthcare, and retirement costs will all be critically evaluated in the context of how to manage the escalating costs of the All-Volunteer Force, while still ensuring adequate defense resources for acquisitions and operations – all in the context of a decade or more of projected budget deficits.

- *Acquisition and Contracting:* Central to the Department of Defense’s ability to perform its missions are issues related to reform of both acquisition and contracting systems. The Panel will critically assess both contract negotiation mechanisms and the acquisition process. We will evaluate the department’s ability to effectively and efficiently acquire equipment and contract with suppliers, so as to provide in timely fashion the hardware, services, and support needed by our men and women in uniform who are deployed in harm’s way. We will also evaluate the adequacy of acquisition expertise in the contracting community, the manner with which the department upgrades its IT systems, the impact of rising energy costs, and the need to build the capabilities of international partners.
- *The QDR and Beyond:* Since the QDR is now in its fourth iteration, the Panel plans to assess the entire QDR process. The Panel will evaluate Congressional direction and Department of Defense implementation, the proper balance between medium and longer term perspectives, strategy and programs, force structure and resources, the realistic timelines for developing future QDRs, and appropriate integration with other related reviews including the National Security Strategy (NSS), Quadrennial Homeland Security Review (QHSR), Quadrennial Diplomacy and Development Review (QDDR), the Nuclear Posture Review (NPR) and the Ballistic Missile Defense Review. The Panel will assess whether a more unconstrained, long term, and assumption-challenging process is required and how it might be achieved.

Mr. Chairman, while the QDR Independent Panel does not have specific findings to present to the committee at this time, we are working diligently to complete our report by the congressionally mandated deadline. The Panel understands that the United States is at an important crossroads, and that the 2009 Quadrennial Defense Review will serve as a roadmap for the future of our Armed Forces. Be assured that we will carefully examine that roadmap because, for benefit of our Soldiers, Sailors, Marines, Airmen, and Coast Guardsmen – and for the security of our nation, it is critical that we get it right.

Mr. Chairman, thank you for the opportunity to appear before you today. We welcome your questions and input regarding the Quadrennial Defense Review Independent Panel.

ⁱ William S. Cohen, *Report of the Quadrennial Defense Review*, Washington, DC: Department of Defense, May 1997, *The Secretary's Message*.

ⁱⁱ National Defense Authorization Act for Fiscal Year 2010, P.L. No: 111-84, Section 1061.

William J. Perry



William J. Perry, a senior fellow at the Hoover Institution, is the Michael and Barbara Berberian Professor at Stanford University, with a joint appointment in the School of Engineering and the Institute for International Studies, where he is codirector of the Preventive Defense Project, a research collaboration of Stanford and Harvard Universities. His previous academic experience includes professor (half-time) at Stanford from 1988 to 1993, when he was the codirector of the Center for International Security and Arms Control. He also served as a part-time lecturer in the Department of Mathematics at Santa Clara University from 1971 to 1977.

Perry was the nineteenth United States secretary of defense, serving from February 1994 to January 1997. His previous government experience was as deputy secretary of defense (1993–94) and undersecretary of defense for research and engineering (1977–81).

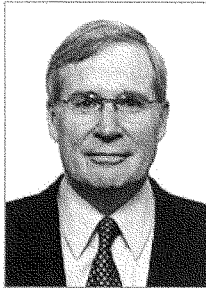
Perry's business experience includes serving as a laboratory director for General Telephone and Electronics (1954–64); founding and serving as the president of ESL (1964–77); executive vice-president of Hambrecht & Quist (1981–85); and founding and serving as the chairman of Technology Strategies and Alliances (1985–93). He serves on the board of directors of Anteon International Corporation and several emerging high-tech companies and is chairman of Global Technology Partners.

Perry was born October 11, 1927, in Vandergrift, Pennsylvania. He attended grade school and high school in Butler, Pennsylvania. He received his B.S. and M.S. degrees from Stanford University and his Ph.D. from Pennsylvania State, all in mathematics. He is a member of the National Academy of Engineering and a fellow of the American Academy of Arts and Sciences. From 1946 to 1947, Perry was an enlisted man in the Army Corps of Engineers and served in the Army of Occupation in Japan. He joined the Reserve Officer Training Corps in 1948 and was a second lieutenant in the army reserves from 1950 to 1955.

Perry has received numerous awards, including the Presidential Medal of Freedom (1997), the Department of Defense Distinguished Service Medal (1980 and again in 1981), and Outstanding Civilian Service Medals from the army (1962 and 1997), the air force (1997), the navy (1997), the Defense Intelligence Agency (1977 and 1997), the National Aeronautics and Space Administration (1981), and the coast guard (1997). He received the American Electronic Association's Medal of Achievement (1980), the Eisenhower Award (1996), the Marshall Award (1997), the Forrestal Medal (1994), and the Henry Stimson Medal (1994). The National Academy of Engineering selected him for the Arthur Bueche Medal (1996). He has been honored with awards from the enlisted personnel of the army, navy, and air force. Perry has received decorations from the governments of Germany, England, France, Korea, Albania, Poland, Ukraine, Bahrain, Slovenia, Hungary, and Japan.

Stephen J. Hadley

Senior Adviser for International Affairs



Stephen Hadley completed four years as the assistant to the president for National Security Affairs on January 20, 2009. In that capacity he was the principal White House foreign policy adviser to then President George W. Bush, directed the National Security Council staff, and ran the interagency national security policy development and execution process.

From January 20, 2001, to January 20, 2005, Steve was the assistant to the president and deputy national security adviser, serving under then National Security Adviser Condoleezza Rice. In addition to covering the full range of national security issues, Steve had special responsibilities in several specific areas including U.S. relations with Russia, the Israeli disengagement from Gaza, developing a strategic relationship with India and ballistic missile defense.

From 1993 to 2001, Steve was both a partner in the Washington D.C. law firm of Shea and Gardner (now part of Goodwin Procter) and a principal in The Scowcroft Group (a strategic consulting firm headed by former National Security Adviser Brent Scowcroft). In his law practice, Steve was administrative partner of the firm. He represented a range of corporate clients in transactional matters and in certain of the international aspects of their business – including export controls, foreign investment in U.S. national security companies, and the national security responsibilities of U.S. information technology companies. In his consulting practice, Steve represented U.S. corporate clients seeking to invest and do business overseas.

From 1989 to 1993, Steve served as the assistant secretary of defense for international security policy under then Secretary of Defense Dick Cheney. Steve represented the Defense Department on arms control matters, including negotiations with the Soviet Union and then Russia, on matters involving NATO and Western Europe, on ballistic missile defense, and on export and technology control matters.

Prior to this position, Steve alternated between government service and law practice with Shea & Gardner. He was counsel to the Tower Commission in 1987, as it investigated U.S. arms sales to Iran, and served on the National Security Council under President Ford from 1974 to 1977. During his professional career, Steve has served on a number of corporate and advisory boards, including: the National Security Advisory Panel to the Director of Central Intelligence, the Department of Defense Policy Board, the Board of Directors of the U.S. Institute of Peace, as a trustee of the Carnegie Endowment for International Peace, and as a trustee of ANSER (Analytical Services, Inc.), a public service research corporation.

Steve graduated magna cum laude and Phi Beta Kappa from Cornell University in Ithaca, New York, in 1969. In 1972, he received his J.D. degree from Yale Law School in New Haven, Connecticut, where he was Note and Comment Editor of the Yale Law Journal.

DOCUMENTS SUBMITTED FOR THE RECORD

APRIL 15, 2010

Joint Statement for the Record

Jim Talent and Eric Edelman

Members

Quadrennial Defense Review Independent Panel

Before the Committee on Armed Services

U.S. House of Representatives

April 15, 2010

Chairman Skelton, Representative McKeon, and members of the Committee,

Thank you for the opportunity to share our preliminary observations regarding the Department of Defense's 2010 Quadrennial Defense Review (QDR) as participants of the Independent Panel.

We have greatly appreciated the chance to work on the Independent Panel, especially under the outstanding leadership of Bill Perry and Steve Hadley. We believe the "subpanel" process they have established will produce recommendations that are of real value to this Committee and the Congress. Our Panel cannot actually conduct a QDR, or create a plan for implementing a QDR – we don't have the time, the staff, or the authority – but we can point out some of the issues that simply must be overcome if America's military is to meet the vast array of challenges which the co-Chairs appropriately mention in their statement.

We want to emphasize that what we are saying today in our brief statement is only preliminary. The Panel only recently was able to complete hiring staff and has had only two meetings thus far. The co-Chairs are organizing the Panel to do a great body of work but most of it lies in the future. While we have formed impressions about the QDR which pursuant to your request we will share, we emphasize that final conclusions have to await the completion of the process that is now underway.

We would like to highlight two things that Steve Hadley has said this morning. It seems clear that the QDR was heavily informed by the current budget rather than operating with an unconstrained look at the nation's defense needs in the coming twenty years. Additionally, there

is a risk that the QDR focus was too much on the short term as opposed to the longer term challenges to national security. Again, we expect that the Panel will learn much more detail in the weeks ahead. However, based on what we have learned so far, it appears that force structure recommendations, scenarios and assumptions employed, risk levels, and budgetary recommendations were generally predetermined for this QDR.

We share the concerns expressed by Chairman Skelton and Ranking Member McKeon in their March 29 letter to our co-Chairs on this score, as well as with regard to the link between the force planning construct and the force structure recommendations in the QDR. The Force Structure and Personnel sub-panel, on which both of us are serving, should be able to provide the full Panel with our best insights about how the members ought to think about those issues. We hope the Panel as a whole will address some of the other longer term challenges facing the Department of Defense, many of which were mentioned in the co-Chairs' statement. These include the budget topline in a challenging fiscal environment, managing exploding health care and retirement costs in the department, the kinds of investments we need to make now to face the challenges of the future, and where we are likely taking risk now and may be taking risk in the future.

Under the leadership of our co-Chairs, Panel members are working to assess the vulnerabilities of the strategy and force structure recommendations without constructing an alternative QDR. We hope to identify recommendations for Congress to consider for improving the development of QDR scenarios, assumptions, risks, and budget plans, as well as present a variety of possible force structure recommendations and generally compare expected resource requirements with

those listed to support the QDR. While the Independent Panel may be unable to resolve all of those challenges alone, we are confident that the report will be able to shed light on the choices before the nation that will assist the Congress in executing its constitutional oversight functions for national defense.

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QUESTIONS SUBMITTED BY MEMBERS POST HEARING

APRIL 15, 2010

QUESTIONS SUBMITTED BY MR. ORTIZ

Mr. ORTIZ. With the increase in violence along our Southern border, do you feel the QDR did enough to address the issue, and was it forward looking enough in terms of potential resources and personnel costs?

Dr. PERRY and Mr. HADLEY. While this QDR gives priority to winning the current conflicts in Afghanistan and Iraq, it states that:

The United States will continue to work toward a secure and democratic Western Hemisphere by developing regional defense partnerships that address domestic and transnational threats such as narcoterrorist organizations, illicit trafficking, and social unrest. We will continue to work closely with Mexico to improve our cooperative approach to border security, enhance defense capacity for coordinated operations, and address other issues. (page 61)

The QDR Independent Panel understands your concerns regarding the increase in violence along the Southern border of the United States and the implications for the Department of Defense. The QDR is quite clear about the Department of Defense's intention to work closely with Mexican authorities to improve cooperation on issues such as border security and enhancing capacities for combined operations. While the report does mention this matter, it is one among many that comprise the many national security responsibilities of the Department. The Panel will review the totality of these responsibilities as part of its analysis.

Mr. ORTIZ. Looking into the part NORTHCOM will play in addressing this violence, do you feel that the QDR adequately dealt with the role of NORTHCOM in response to current and future border violence?

Dr. PERRY and Mr. HADLEY. As you know, the "United States Northern Command conducts operations to deter, prevent, and defeat threats and aggression aimed at the United States, its territories and interests within assigned areas of responsibility; as directed by the President or Secretary of Defense, [it] provides military assistance to civil authorities, including consequence management operations."

In accordance with Section 202 of Title 6, U.S. Code, the Department of Homeland Security is responsible for "securing the borders, territorial waters, ports, terminals, waterways, and air, land, and sea transportation systems of the United States" and "preventing the entry of terrorists and the instruments of terrorism into the United States." DoD's role in the execution of this responsibility, as noted earlier, is to provide support to DHS, when requested, appropriate, lawful, and approved by the President or the Secretary of Defense.

The QDR Independent Panel's work is ongoing and to the fullest extent possible, the "Whole of Government" Capabilities Sub-panel will attempt to examine the role of NORTHCOM in response to current and future border violence.

QUESTIONS SUBMITTED BY MR. FRANKS

Mr. FRANKS. Is it your understanding that the QDR staff conducted the 2010 review with the understanding that the Review's recommendations must remain under fixed top line and that no increase in personnel end strength were allowed? If that was the case, do you consider it possible to conduct an objective assessment of the needs of our armed forces with such limits in place?

Dr. PERRY and Mr. HADLEY. As Secretary of Defense, Robert Gates, has noted in the Preface of the QDR: the QDR "places the current conflicts at the top of our budgeting, policy, and program priorities, thus ensuring that those fighting America's wars and their families—on the battlefield, in the hospital, or on the home front—receive the support they need and deserve."

Furthermore, Secretary Gates states:

The FY 2010 defense budget represented a down payment on re-balancing the department's priorities in keeping with the lessons learned and capabilities gained from the wars in Iraq and Afghanistan. Those shifts are continued in the FY 2011 budget and institutionalized in this QDR and out-year budget plan. (page i)

The Independent Panel intends to closely examine the issue of whether the QDR is an adequate vehicle for a strategic document that looks ahead 20 years, and is informed by, but not constrained by the budget.

Mr. FRANKS. A quick review of a number of the major acquisition programs across the services indicates that we are not now, and haven't for many years, been funding modernization at an adequate level. Do you have any preliminary views on this subject at this point?

Dr. PERRY and Mr. HADLEY. The QDR Independent Panel does not have preliminary views on the adequate level for modernization funding; an assessment of modernization rests on assessments of requirements and necessary forces structures to meet our future security needs. We have established the *Future of 21st Century Conflict* and the *Acquisition and Contracting* Sub-panels which, along with the *Force Structure and Personnel* Sub-Panel, will examine this issue to fullest the extent possible.

Mr. FRANKS. Do you intend to request a meeting with the Joint Chiefs to learn their views directly on the adequacy or inadequacy of the top line funding profile in the Obama administration's Future Years Defense Plan?

Dr. PERRY and Mr. HADLEY. The QDR Independent Panel intends to meet with the Joint Chiefs of Staff to receive their input on a wide variety of issues, including the Obama administration's Future Years Defense Plan.

Mr. FRANKS. We have been told by the QDR staff that they conducted the Review with the understanding that the defense top line was fixed and that there could be no increase in service end strength. Is it possible to undertake such a strategic, long-term assessment with those variables fixed?

Dr. PERRY and Mr. HADLEY. As Secretary of Defense, Robert Gates, has noted in the Preface of the QDR: the QDR "places the current conflicts at the top of our budgeting, policy, and program priorities, thus ensuring that those fighting America's wars and their families—on the battlefield, in the hospital, or on the home front—receive the support they need and deserve."

Furthermore, Secretary Gates states:

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The Independent Panel intends to closely examine the issue of whether the QDR is an adequate vehicle for a strategic document that looks ahead 20 years, and is informed by, but not constrained by the budget.

Mr. FRANKS. The 2010 QDR is nearly silent on the rapid expansion and modernization of China's naval power. Is it possible to conduct a strategic review of American military requirements and not address, in a sober manner, the growth of China's military power? What are your views?

Dr. PERRY and Mr. HADLEY. The QDR states that:

China's growing presence and influence in regional and global economic security affairs is one of the most consequential aspects of the evolving strategic landscape in the Asia-Pacific region and globally. In particular, China's military has begun to develop new roles, missions, and capabilities in support of its growing regional and global interests, which could enable it to play a more substantial and constructive role in international affairs. (page 60)

However, the QDR continues:

Lack of transparency and the nature of China's military development and decision-making process raise legitimate questions about its future conduct and intentions within Asia and beyond. Our relationship with China must therefore be multidimensional and undergirded by a process of enhancing confidence and reducing mistrust in a manner that reinforces mutual interests. (page 60)

The QDR Independent Panel's work is ongoing, but it intends to closely examine the future of the relationship between the United States and China and the implications for the Department of Defense.

QUESTIONS SUBMITTED BY MR. LAMBORN

Mr. LAMBORN. In the absence of National Security Strategy, what will the Independent Panel use for policy guidance and direction for its assessment of the QDR?

Does the fact that the QDR was completed without an updated National Security Strategy raise any concerns for the Independent panel?

Dr. PERRY and Mr. HADLEY. The Independent Panel recognizes that, ideally, the National Security Strategy would come before the QDR. Given the constraints the Administration was under; however, the Department of Defense has produced a well-researched and meaningful QDR.

The Independent Panel has established a “*QDR and Beyond*” Sub-panel to examine the QDR process. Since the QDR is now in its fourth iteration, the Panel plans to assess the entire QDR process. The Panel will evaluate Congressional direction and Department implementation, the realistic timelines for developing future QDRs, and appropriate integration with other related studies including the National Security Strategy (NSS), Quadrennial Homeland Security Review (QHSR), Quadrennial Diplomacy and Development Review (QDDR), the Nuclear Posture Review (NPR) and the Ballistic Missile Defense Review. We also note that the QDR states that it was instructed to use as a strategic underpinning the 2008 National Defense Strategy, which laid out strategic objectives for the Department.

Mr. LAMBORN. In your testimony you indicate the panel will address “Whole of Government” Capabilities, to include the increasing role of the civilian DoD workforce and the use of contractors in conflict zones. The Administration has expressed significant goals for insourcing inherently governmental and closely associated inherently governmental functions, yet no clear definitions or criteria for the functions have been published. Does the panel plan to make recommendations regarding the criteria, definitional guidance and/or specific functions for insourcing as part of its efforts?

Dr. PERRY and Mr. HADLEY. The work of the “*Whole of Government*” Capabilities Sub-panel is ongoing, however, the goal of the Sub-panel will be to examine, in addition to other issues.

Mr. LAMBORN. There are several significant force structure concerns within the QDR, including fighter gaps in the Air Force and Navy. Has your Panel identified the capability gaps within the force structure concept outlined in the QDR? What force structure risk areas is your panel looking at and do you have any preliminary findings?

Dr. PERRY and Mr. HADLEY. The Independent panel does not have any preliminary findings regarding capability gaps as this question assumes within the force structure concept outlined in the QDR. The *Force Structure and Personnel* Sub-panel is currently examining capability gaps to the fullest extent possible.